

104TH CONGRESS
1ST SESSION

S. 1372

To amend the Social Security Act to increase the earnings limit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 31, 1995

Mr. MCCAIN (for himself, Mr. DOLE, Mr. STEVENS, and Mr. SANTORUM)
introduced the following bill; which was read the first time

NOVEMBER 1, 1995

Read the second time and placed on the calendar

NOVEMBER 2, 1995

Committed to the Committee on Finance pursuant to section 312(b) of the
Congressional Budget Control and Impoundment Act

A BILL

To amend the Social Security Act to increase the earnings
limit, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Senior Citizens’ Free-
5 dom to Work Act”.

1 **SEC. 2. ADJUSTMENTS IN MONTHLY EXEMPT AMOUNT FOR**
 2 **PURPOSES OF THE SOCIAL SECURITY EARN-**
 3 **INGS TEST.**

4 (a) INCREASE IN MONTHLY EXEMPT AMOUNT FOR
 5 INDIVIDUALS WHO HAVE ATTAINED RETIREMENT
 6 AGE.—

7 (1) IN GENERAL.—Section 203(f)(8)(D) of the
 8 Social Security Act (42 U.S.C. 403(f)(8)(D)) is
 9 amended to read as follows:

10 “(D)(i) Notwithstanding any other provision of
 11 this subsection, the exempt amount which is applica-
 12 ble to an individual who has attained retirement age
 13 (as defined in section 216(l)) before the close of the
 14 taxable year involved shall be—

15 “(I) \$1,208.33 $\frac{1}{3}$ for each month of any
 16 taxable year ending after 1995 and before
 17 1997,

18 “(II) \$1,416.66 $\frac{2}{3}$ for each month of any
 19 taxable year ending after 1996 and before
 20 1998,

21 “(III) \$1,666.66 $\frac{2}{3}$ for each month of any
 22 taxable year ending after 1997 and before
 23 1999,

24 “(IV) \$1,875.00 for each month of any
 25 taxable year ending after 1998 and before
 26 2000,

1 “(V) \$2,083.33¹/₃ for each month of any
 2 taxable year ending after 1999 and before
 3 2001,

4 “(VI) \$2,291.66²/₃ for each month of any
 5 taxable year ending after 2000 and before
 6 2002, and

7 “(VII) \$2,500.00 for each month of any
 8 taxable year ending after 2001 and before
 9 2003.”.

10 (2) INCREASED AMOUNTS SUBJECT TO
 11 PRESENT LAW COST-OF-LIVING ADJUSTMENT AFTER
 12 2002.—Section 203(f)(8)(D) of such Act (42 U.S.C.
 13 403(f)(8)(D)), as amended by paragraph (1), is
 14 amended by adding at the end the following new
 15 clause:

16 “(ii) For purposes of this paragraph, the in-
 17 crease in the exempt amount provided under clause
 18 (i)(VII) shall be deemed to have resulted from a de-
 19 termination which shall be deemed to have been
 20 made under subparagraph (A) in 2001.”.

21 (3) CONFORMING AMENDMENT.—The second
 22 sentence of section 223(d)(4)(A) of such Act (42
 23 U.S.C. 423(d)(4)(A)) is amended by striking “the
 24 exempt amount under section 203(f)(8) which is ap-
 25 plicable to individuals described in subparagraph (D)

1 thereof” and inserting the following: “an amount
 2 equal to the exempt amount which would have been
 3 applicable under section 203(f)(8), to individuals de-
 4 scribed in subparagraph (D) thereof, if the amend-
 5 ments made to such section by the Senior Citizens’
 6 Freedom to Work Act had not been enacted”.

7 (4) EFFECTIVE DATE OF SUBSECTION.—The
 8 amendments made by this subsection shall apply
 9 with respect to taxable years beginning after 1995.

10 (b) COMPENSATION OF TRUST FUND FOR IN-
 11 CREASED OUTLAYS.—

12 (1) IN GENERAL.—Section 201(d) of the Social
 13 Security Act (42 U.S.C. 401(d)) is amended—

14 (A) by inserting “(1)” after “(d)”;

15 (B) in the fifth sentence, by striking “shall
 16 bear interest” and inserting “shall (subject to
 17 paragraph (2)) bear interest”; and

18 (C) by adding at the end the following new
 19 paragraph:

20 “(2) In the case of the Federal Old-Age and Survi-
 21 vors Insurance Trust Fund, the Managing Trustee shall
 22 increase the rate of interest (otherwise specified in the
 23 fifth sentence of paragraph (1)) which is to be borne by
 24 obligations referred to in the fourth sentence of paragraph
 25 (1) issued after September 30, 1995, and before October

1 1, 2002, by .25 percent point for each fiscal year begin-
 2 ning after September 30, 1995, and before October 1,
 3 2002. For purposes of this paragraph, any obligation in
 4 which any portion of such Trust Fund is invested which
 5 was issued before October 1, 1995, shall be deemed to
 6 have matured on September 30, 1995, and to have been
 7 reissued on October 1, 1995, with the same maturation
 8 date and same rate of interest (subject to the increase pro-
 9 vided under this paragraph).”.

10 (2) EFFECTIVE DATE OF SUBSECTION.—The
 11 amendments made by this subsection shall apply
 12 with respect to obligations issued after December
 13 31, 1995.

14 (c) ADDITIONAL OFFSETS.—

15 (1) IN GENERAL.—Notwithstanding any other
 16 provision of law, each nonexempt account within the
 17 discretionary spending category for each of the fiscal
 18 years 1996 through 2002 shall be reduced, if nec-
 19 essary, by the uniform percentage necessary to offset
 20 the Federal Old-Age and Survivors Insurance Trust
 21 Fund shortfall resulting from the amendments made
 22 to section 203(f)(8) of the Social Security Act by the
 23 Senior Citizens’ Freedom to Work Act.

24 (2) EFFECTIVE DATE.—The reductions re-
 25 quired by this subsection shall be implemented pur-

1 suant to a Presidential order as provided for a se-
2 quester to eliminate a budget-year breach under sec-
3 tion 251 of the Balanced Budget and Deficit Control
4 Act of 1985. The reductions required by this sub-
5 section shall be in addition to any reductions re-
6 quired by section 251 of the Balanced Budget and
7 Deficit Control Act of 1985.

8 (d) REPORT BY GAO.—Not later than the date which
9 is 2 years after the date of the enactment of this Act,
10 the Comptroller General of the United States shall report
11 to the Congress regarding an analysis of the dynamic ef-
12 fect of the reform of the social security earnings limit
13 under section 203(f)(8) of the Social Security Act, as pro-
14 vided by subsection (a) of this section, and a calculation
15 of the reform’s true effect on the Federal budget.